

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 L-03 FRB-03 OMB-01 ITC-01  
SP-02 USIA-06 AGRE-00 AID-05 CIAE-00 COME-00  
INR-07 IO-13 LAB-04 NSAE-00 OIC-02 SIL-01 STR-06  
TRSE-00 CEA-01 SS-15 OPIC-03 EA-10 /104 W  
-----065356 192131Z /75

P R 191820Z JAN 78  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC PRIORITY 4523  
INFO AMEMBASSY BONN  
AMEMBASSY LONDON  
AMEMBASSY OTTAWA  
AMEMBASSY TOKYO  
USMISSION GENEVA

C O N F I D E N T I A L SECTION 1 OF 3 PARIS 1782

USOECD

PASS TREASURY FOR PELIKAN AND RIEFFEL, AID FOR M. BUTLER

E. O. 11652: GDS  
TAGS: EFIN UNCTAD OECD EAID  
SUBJECT: GROUP B VIEWS ON TDB SENIOR OFFICIALS MEETING,  
JANUARY 23-27, 1978

REFS: (A) STATE 13150; (B) STATE 12743

1. SUMMARY: DURING OECD DAC WORKING PARTY ON FINANCIAL ASPECTS KEY GROUP B COUNTRY REPS (U.S., CANADA, JAPAN, U.K., FRANCE, GERMANY) DISCUSSED INFORMALLY UPCOMING TDB SENIOR OFFICIALS MEETING IN GENEVA AND EXCHANGED VIEWS ON PROSPECTS FOR MARCH MINISTERIAL. THERE WAS A CONSENSUS THAT THE SENIOR OFFICIALS SHOULD CONFINE THEMSELVES STRICTLY TO PROCEDURAL MATTERS BY CONCENTRATING ON ANNOTATING AGENDA FOR THE MARCH MINISTERIAL. U. S. DISTRIBUTED  
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TEXT CONTAINED REFTEL (B) WHICH WILL BE FURTHER DISCUSSED IN GENEVA JANUARY 23. INDIVIDUAL COUNTRY POSITIONS REMAIN UNCHANGED FROM THOSE TAKEN AT THE DECEMBER DEBT EXPERTS MEETING. NO ONE IS PREPARED TO CONCEDE TO LDC DEMANDS FOR GENERALIZED DEBT RELIEF. RESOURCE TRANSFERS IS VIEWED AS SOLUTION TO THE LLDC PROBLEM BUT NO ONE IS PRESENTLY PREPARED TO EXTEND ADDITIONAL AID. ALL

BUT U. S. INDICATED WILLINGNESS TO MOVE FORWARD ON QUESTION OF "FEATURES" (US/EC/CIEC PROPOSAL), BUT THIS WOULD BE LEFT FOR THE MINISTERS TO DECIDE IN MARCH. OVER LUNCH DANISH REP, WHO IS CHAIR OF EC DEBT EXPERTS GROUP, STRESSED THAT EC DESIRES TO TABLE US/EC CIEC PROPOSAL. HE INDICATED THE U. S. MAY SOON RECEIVE AT A HIGH POLITICAL LEVEL AN OFFICIAL REQUEST FROM THE EC. END SUMMARY.

2. U. S. REP MEISSNER OPENED DISCUSSION BY NOTING THAT THERE WAS NO CHANGE IN U. S. POSITION, ESPECIALLY THAT US WAS NOT PREPARED TO TABLE US/EC PROPOSAL AT THE TDB MINISTERIAL. HE REPORTED THAT AT THE RECENT XCSS OECD MEETING, EC COUNTRY REPS DID NOT RAISE DEBT ISSUE WITH THE US REP, UNDERSECRETARY COOPER, NEITHER IN MEETING ITSELF NOR IN CORRIDOR DISCUSSION. US INTERPRETED THIS TO MEAN THAT THERE IS NO POLITICAL PRESSURE TO MOVE THE US/EC PROPOSAL. MEISSNER THEN REVIEWED USG POSITION ON DEBT ISSUE PER REF (A), US PASSED ANNOTATED AGENDA (REF B) FOR INFORMATION OF GROUP AND STATED INTENTION OF INTRODUCING THIS AT GROUP B SESSION IN GENEVA ON MORNING OF JANUARY 23 IF THERE WAS SUPPORT FOR ANNOTATING THE AGENDA. (NOTE: KOINZER, PFAUWADEL, SLATER, WERE INCLUDED IN MEETING HERE, SO EMBASSIES CONCERNED NEED NOT TRY TO CONTACT THEM IN CAPITALS.)

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3. MEISSNER THEN REPORTED ON RECENT CONVERSATION WITH UNCTAD SECRETARIAT OFFICIAL ARSENIS WHO HAD PUT FORWARD THREE OBJECTIVES FOR THE TDB MINISTERIAL:

(A) SOME FORM OF RESOURCE TRANSFER, EITHER DEBT RELIEF OR NEW AID;

(B) UNCTAD SEC GEN CORREA'S IDEA REGARDING A SPECIAL FINANCING FACILITY FOR THE COMMERCIAL DEBTS OF MIDDLE INCOME LDC'S PER MANILA DECLARATION;

(C) AGREEMENT ON GUIDELINES, ETC., REGARDING G-19 AND US/EC/CIEC PROPOSALS.

4. MEISSNER TOLD THE GROUP HE RESPONDED TO ARSENIS BY UNDERSCORING THAT US WAS NOT PREPARED TO MAKE ANY RESOURCE TRANSFERS IN THE CONTEXT OF DEBT AND THAT IMF RESOURCES AND BILATERAL AID CHANNELS WERE SUFFICIENT FOR THIS PURPOSE; THAT US DID NOT SUPPORT THE IDEA OF A COMMERCIAL CREDIT REFINANCING FACILITY (PARTICULARLY SINCE MEXICO AND BRAZIL WERE COOL TO THIS IDEA) AND THE DIFFERENCES BETWEEN THE US/EC AND G-19 CIEC PROPOSALS WERE TOO

GREAT TO PERMIT AGREEMENT ON GUIDELINES OR COMMON FEATURES.  
FURTHERMORE, US DID NOT EXPECT THAT LDC'S  
WOULD ACCEPT THE US/EC PROPOSAL AS IT NOW STANDS.  
WHILE US HAD SOME FLEXIBILITY FIRST PART DEALING WITH  
DEBT CRISIS SITUATIONS, US HAD NO CAPABILITY TO  
MOVE FURTHER ON SECOND PART OF PROPOSAL. IN FACT MOVE FURTHER  
ON SECOND PART OF PROPOSAL DEALING WITH LONG-  
TERM STRUCTURAL PROBLEMS. IN FACT IT WOULD BE  
DIFFICULT FOR THE US TO FULFILL IN GOOD FAITH THE PRESENT  
DOCUMENT. GIVEN THAT LDC'S WISHED TO OPEN SECOND PART  
FURTHER, MEISSNER STRESSED US OPPOSITION TO TABLING THE  
PAPER. SUCH AN ACTION WOULD RAISE EXPECTATIONS THAT COULD  
NOT BE FULFILLED. THEREFORE, ON THE BASIS OF THE ARSENIS  
OBJECTIVES THE MARCH MINISTERIAL, IN US EYES, WOULD NOT  
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BE SUCCESSFUL.

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INFO OCT-01 EUR-12 EA-10 IO-13 ISO-00 L-03 FRB-03  
OMB-01 ITC-01 SP-02 USIA-06 AGRE-00 AID-05  
CIAE-00 COME-00 INR-07 LAB-04 NSAE-00 OIC-02  
SIL-01 STR-06 TRSE-00 CEA-01 SS-15 OPIC-03 /104 W  
-----065373 192132Z /75

P R 191820Z JAN 78

FM AMEMBASSY PARIS

TO SECSTATE WASHDC PRIORITY 4524

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY TOKYO

USMISSION GENEVA

C O N F I D E N T I A L SECTION 2 OF 3 PARIS 1782

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5. IN ADDITION, MEISSNER NOTED THAT AFTER SENIOR OFFICIALS MEETING, UNCTAD SECGEN CORREA PLANNED TO CANVAS PRINCIPAL COUNTRIES INVOLVED IN UNCTAD DELIBERATIONS TO DISCUSS PROSPECTS FOR COMMON FUND NEGOTIATIONS AND TDB MINISTERIAL ON DEBT. IN US VIEW THERE SEEMED TO BE A POSSIBILITY THAT IF THE SECGEN DID NOT FORESEE A SUCCESSFUL MINISTERIAL ON DEBT HE MAY TRY TO PERSUADE G-77 TO POSTPONE THE MEETING. MEISSNER REITERATED US VIEW THAT MEETING NEXT WEEK IN GENEVA SHOULD CONCENTRATE ON PROCEDURAL RATHER THAN SUBSTANTIVE MATTERS.

6. FRENCH REP (PFAUWADEL) AGREED THAT SENIOR OFFICIALS MEETING SHOULD NOT INVOLVE NEGOTIATIONS AND NOTED THAT THERE HAD BEEN NO CHANGE IN FRENCH POSITION SINCE THE DECEMBER DEBT EXPERTS MEETING. HE AGREED THAT IT WOULD BE CONFIDENTIAL

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USEFUL TO WORK ON AN ANNOTATED AGENDA BUT SUGGESTED A DIFFERENT FORMAT, I. E. POSING QUESTIONS TO MINISTERS AT MARCH MEETING. HE SAID HIS GOVERNMENT HAD A PARTICULAR INTEREST IN KEEPING THE DIALOGUE ON DEBT GOING AND MAKING USE OF US/EC CIEC PAPER. ONE POSSIBLE WAY OF ACHIEVING THIS WOULD BE TO ASK THE MINISTERS AT THE MARCH MEETING TO CHARGE AN EXPERTS GROUP TO LOOK INTO THE QUESTION OF "FEATURES" IN ANTICIPATION OF UNCTAD V. PFAUWADEL NOTED THAT FRENCH ELECTIONS WOULD FALL ONE WEEK AFTER THE TDB MINISTERIAL AND HE DOUBTED THAT THERE WOULD BE HIGH LEVEL REPRESENTATION IN GENEVA.

7. THE GERMAN REP (KOINZER) NOTED THAT HIS GOVERNMENT SAW THE MARCH MINISTERIAL AS AN IMPORTANT PART OF THE NORTH/SOUTH DIALOGUE AND DID NOT WANT THE MEETING TO END LIKE THE COMMON FUND TALKS. GERMA POSITION REMAINED ESSENTIALLY UNCHANGED IN REGARD TO GENERALIZED DEBT RELIEF BUT THERE WAS SOME INTEREST IN TRYING TO SELL THE FEATURES APPROACH TO THE LDC'S ON A PROVISIONAL BASIS WITH A REVIEW AT A LATER POINT. HE AGREED THAT THE FIRST PART OF THE US/EC PROPOSAL COULD BE IMPROVED, ALTHOUGH THERE WAS LITTLE ROOM FOR MANEUVERS UNDER SECOND PART. GERMANY COULD NOT DO MUCH OF ANYTHING REGARDING DEBT RELIEF AND CONTINUED TO HOLD TO CASE-BY-CASE APPROACH. AFTER JANUARY MEETING, HOWEVER, THERE WOULD BE AN INTERNAL REVIEW OF THE QUESTION OF DEBT RELIEF ALTHOUGH ANY ACTION TAKEN WOULD NOT BE ON A GENERALIZED BASIS. KOINZER AGREED THAT SENIOR OFFICIALS MEETING SHOULD BE PROCEDURAL AND NOT SUBSTANTIVE, BUT WARNED THAT THE LDC'S COULD BE EXPECTED TO INTRODUCE DRAFT RESOLUTION FOR CONSIDERATION OF THE GROUP. BECAUSE OF THIS HE FELT IT WAS NECESSARY FOR GROUP B TO BE PREPARED TO

INTRODUCE RESOLUTIONS ON FEATURES TO THE LLDC'S.

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8. UK REP NOTED THAT HIS GOVERNMENT'S POSITION ON DEBT ISSUE WAS UNCHANGED BUT HE ENVISIONED NEED FOR FUTURE DISCUSSION ON FEATURES IN ORDER TO KEEP THE DIALOGUE OPEN.

9. JAPANESE REP (YAGI) AGREED TO PROPOSED TACTICS FOR SENIOR OFFICIALS MEETING, AND THEN ASKED ABOUT LEVEL OF REPRESENTATION AT MINISTERIAL, NOTING THAT JAPANESE MINISTER IN CHARGE OF EXTERNAL ECONOMIC AFFAIRS USHIBA, WOULD BE REPRESENTING HIS COUNTRY. IN KEEPING WITH JAPANESE TRADITION, THE MINISTER WOULD DESIRE TO BRING A "PRESENT" TO THE LDC'S. HE WANTED TO KNOW IF OTHERS PLANNED TO PROVIDE SOMETHING. THE UNIVERSAL RESPONSE WAS "NO". HE ALSO AGREED WITH GERMAN AND FRENCH REPS THAT IT WOULD PROBABLY BE NECESSARY TO DO SOMETHING ON "FEATURES" AT THE MINISTERIAL. HE ALSO SUGGESTED THE POSSIBILITY OF MEETINGS BETWEEN SENIOR OFFICIALS MEETING AND THE MINISTERIAL IN ORDER TO WORK OUT AGREEMENT ON THE QUESTION OF "FEATURES". THIS IDEA WAS ALSO UNANIMOUSLY REJECTED.

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ACTION EB-08

INFO OCT-01 EUR-12 EA-10 IO-13 ISO-00 L-03 FRB-03  
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SIL-01 STR-06 TRSE-00 CEA-01 SS-15 OPIC-03 /104 W  
-----066440 192131Z /75

P R 191820Z JAN 78

FM AMEMBASSY PARIS

TO SECSTATE WASHDC PRIORITY 4525

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY TOKYO

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10. CANADIAN REP (DOWSWELL) NOTED THAT CANADA WAS NOT CONSIDERING AT THIS TIME TAKING ANY NEW INITIATIVES AT THE MINISTERIAL.

11. WITH REGARD TO REPRESENTATION AT THE MINISTERIAL, CANADA WOULD PROBABLY NOT SEND A MINISTER BUT PERHAPS A "PARLIAMENTARY SECRETARY". MEISSNER NOTED THAT UNDER-SECRETARY COOPER WOULD PROBABLY ATTEND BUT ONLY FOR TWO OR THREE DAYS AT THE MOST.

12. OTHER CONVERSATIONS: DANISH REP (PEDERSEN), EC DEBT EXPERTS CHAIRMAN, NOTED OVER LUNCH THAT EC WOULD BE CONSIDERING A FORMAL REQUEST TO THE UNITED STATES TO JOIN IT IN TABLING US/EC CIEC PROPOSAL. THIS CONFIRMED BY EX COMMISSION REP WHO INFORMED US DELEGATION OF CONFIDENTIAL

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COMMISSION'S INTENTION TO PROPOSE, AT MEETING OF EC FOREIGN MINISTERS ON FEBRUARY 7, THAT US/EC CIEC PROPOSAL BE TABLED AT TDB MINISTERIAL; HIGH-LEVEL REPRESENTATIONS WOULD BE MADE TO SECURE USG SUPPORT FOR THIS APPROACH SINCE COMMISSION RECOGNIZES THAT US/EC PROPOSAL COULD NOT BE ACTIVATED WITHOUT US SANCTION. EC REP REPEATED VIEW THAT IT WOULD BE IMPORTANT FOR DONOR COUNTRIES TO TABLE A PROPOSAL AT THE MINISTERIAL TO COUNTER RESOLUTIONS WHICH G-77 WILL PROPOSE.

13. BRITISH REP SLATER HAS SUGGESTED A POSSIBLE MEETING OF BIG FIVE IN LATE FEBRUARY TO CONSOLIDATE POSITIONS PRIOR TO MINISTERIAL. BY THIS TIME CORREA WILL HAVE TAKEN HIS TRIP AND EC WILL HAVE US RESPONSE TO TABLING ISSUE. SLATER HAS MADE SAME PROPOSAL TO FRENCH WHO HE SEES AS CHAIR FOR THIS MEETING.

14. COMMENT: GIVEN US POSITION AND VIEWS OF OTHER KEY GROUP B COUNTRIES, WE EXPECT TDB SENIOR OFFICIALS MEETING TO BE CONFINED TO PROCEDURAL ISSUES. WORK WILL FOCUS ON ANNOTATING AGENDA FOR TDB MINISTERIAL. NO GROUP B MEMBERS' POSITION HAS CHANGED SINCE DECEMBER MEETING. ANY DECISIONS ON INITIATIVES FOR LLDC'S OR ACTIVATING US/EC PROPOSAL WILL BE MADE AFTER SENIOR OFFICIALS MEETING. SALZMAN

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## Message Attributes

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**To:** STATE  
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